

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS: Grade AA butter, in weekly trading, decreased 1 3/4 cents to \$1.3950.

In daily cash cheese trading on Friday, December 11, barrels closed at \$1.8600 and blocks closed at \$1.9000. The weekly average is \$1.8600 for barrels and \$1.8980 for blocks.

In daily cash nonfat dry milk trading, the close on Friday, December 11, is \$1.1550 for Extra Grade and \$1.1550 for Grade A. The weekly average is \$1.1550 for Extra Grade and \$1.1590 for Grade A.

BUTTER: Following ten consecutive weeks of butter price declines in cash trading at the CME, butter producers, handlers, and traders are adjusting to the 19 1/2 cent increase recorded December 4. Butter buying interest increased this week as many buyers were hesitant to buy on a down market and now are buying for year-end holiday needs before prices possibly increase further. Stocks of bulk and print butter range from in close balance to short of full needs. Retail sales are being spurred by attractive feature activity as low as 99 cents per pound. Food service orders are also good as restaurants and food service accounts meet holiday demand.

CHEESE: The cheddar cheese market remains firm as cash prices at the CME for blocks closed the week at another record high. The weekly average for CME closing prices has increased every week since daily trading was initiated on September 1, 1998. Current demand remains good, but there are a few signs that buying interest is a little less aggressive in some parts of the country. Spot offerings range from light to barely adequate. Several loads of blocks did trade on December 10. Producer and distributor stocks are closely balanced for the seasonally good demand.

FLUID MILK: Across the country, milk production is quite strong for this time of the year. Up to this point, weather conditions have been quite mild all fall and milking herds have not had to adjust to colder temperatures. Early in the week, cooler, more seasonal, temperatures prevailed in many areas of the country. Class I demand is improving this week and is expected to increase further next week as bottlers prepare for the upcoming Christmas holiday. Many schools will start their year-end holiday break by the end of next week. Retail bottlers will absorb some of the surplus milk, but already, milk handlers are inquiring who will be willing to take surplus milk during the upcoming year-end period. The fluid cream market is firming as demand for seasonal products improves and offerings tighten. Spot cream prices are up because of the 19+ cent jump December 4 in the butter price at the Chicago Mercantile cash butter market and an increase in multiples used to set cream prices.

DRY PRODUCTS: The nonfat dry milk market is steady to firm. Stocks of powder are reported to be mixed. Production is slightly higher at certain plants and producers are getting caught up on prior orders. Other producers are still

tight and have very little or no extra powder available for spot sales. During the past few weeks, FAS has been very active accepting DEIP bids. In the past two weeks, DEIP bid acceptances total approximately 30,000 MT (66.1 million pounds). Additional DEIP orders are being negotiated for early next year. Buttermilk powder markets are weak with prices unchanged to lower. Buying interest is limited and stocks are building at many plants. Whey markets and prices are generally steady. Producers are clearing their output, but overall buying interest is seldom better than fair. Export interest is fair, but new tenders from the Far East were expected this week which could, if US companies get some of the bids, help national market conditions.

CCC: During the week of December 7 - 11, CCC reported no support price activity.

DAIRY PRODUCTS (NASS): Butter production was 81.2 million pounds in October, 2.6% below October 1997 but 20.9% above September 1998. American type cheese production totaled 263.7 million pounds, 1.4% above October 1997 and 7.4% above September 1998. Total cheese output (excluding cottage cheese) was 630.2 million pounds, 2.4% above October 1997 and 8.7% above September 1998. Nonfat dry milk production, for human food, totaled 70.3 million pounds, 3.1% below October 1997 but 17.3% above September 1998. Dry whey production, for human food, was 82.5 million pounds, 6.7% below October 97 and 0.3% below September 98.

NOVEMBER AGRICULTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in November 1998 was unchanged at 114. Compared with November 1997, the index was down 3 points (2.6%). The index of prices received by farmers for dairy products advanced 2 points during the month of November 1998 to 137. Compared with November 1997, the index was up 24 points (21.2%). On a 3.5% butterfat basis, prices received by farmers in November with changes from October were: for All Milk, \$17.42, up 39 cents; Fluid Grade Milk, \$17.42, up 37 cents; and for Manufacturing Grade Milk, \$16.28, up 62 cents.

MAILBOX MILK PRICES (USDA, DAIRY PROGRAMS): In September 1998, mailbox milk prices reported for selected Federal milk orders averaged \$16.30 per cwt., \$1.26 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$16.11, up \$1.36; Southeast, \$17.52, up \$1.77; Midwest, \$16.30, up \$1.10 and West, \$15.92, up \$1.33. Compared to September 1997, mailbox milk prices increased \$3.48 on the average. Regional changes from the previous year were: +\$3.37 in the Northeast, +\$3.96 in the Southeast, +\$3.26 in the Midwest, and +\$3.94 in the West.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-42,000 lbs.

PRODUCT	MONDAY DEC 7	TUESDAY DEC 8	WEDNESDAY DEC 9	THURSDAY DEC 10	FRIDAY DEC 11	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.8600 (N.C.)	\$1.8600 (N.C.)	\$1.8600 (N.C.)	\$1.8600 (N.C.)	\$1.8600 (N.C.)	N.C.	\$1.8600 (+.0055)
40# BLOCKS	\$1.8950 (+.0050)	\$1.8950 (N.C.)	\$1.9000 (+.0050)	\$1.9000 (N.C.)	\$1.9000 (N.C.)	+.0100	\$1.8980 (+.0110)
NONFAT DRY MILK							
EXTRA GRADE	\$1.1550 (N.C.)	\$1.1550 (N.C.)	\$1.1550 (N.C.)	\$1.1550 (N.C.)	\$1.1550 (N.C.)	N.C.	\$1.1550 (N.C.)
GRADE A	\$1.1625 (-.0025)	\$1.1600 (-.0025)	\$1.1600 (N.C.)	\$1.1575 (-.0025)	\$1.1550 (-.0025)	-.0100	\$1.1590 (-.0075)
BUTTER							
GRADE AA	NOTE: Cash butter trading will be held on Wed, December 23 and 30. Cheese and NDM will not trade on Dec. 24, 25, 31, or Jan 1.				\$1.3950 (-.0175)	----	----

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

Trading Activity - December 7 - 11, 1998

MONDAY, DECEMBER 7, 1998

CHEESE -- SALES: NONE; BIDS UNFILLED: 2 CARS 40# BLOCKS: 1 @ \$1.8950, 1 @ \$1.8900; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.8600

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 5 CARS EXTRA GRADE @ \$1.1000; 5 CARS GRADE A @ \$1.1100; OFFERS UNCOVERED: 1 CAR GRADE A @ \$1.1625

TUESDAY, DECEMBER 8, 1998

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.8950; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR GRADE A @ \$1.1600

WEDNESDAY, DECEMBER 9, 1998

CHEESE -- SALES: NONE; BIDS UNFILLED: 3 CARS 40# BLOCKS: 1 @ \$1.9000, 1 @ \$1.8975, 1 @ \$1.8950; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 5 CARS GRADE A @ \$1.1100; OFFERS UNCOVERED: NONE

THURSDAY, DECEMBER 10, 1998

CHEESE -- SALES: 5 CARS 40# BLOCKS @ \$1.9000; BIDS UNFILLED: 1 CAR BARRELS @ \$1.8600; 1 CAR 40# BLOCKS @ \$1.9000; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 5 CARS EXTRA GRADE @ \$1.1000; 10 CARS GRADE A: 5 @ \$1.1150, 5 @ \$1.1100; OFFERS UNCOVERED: 1 CAR GRADE A @ \$1.1575

FRIDAY, DECEMBER 11, 1998

CHEESE - SALES: 3 CARS BARRELS @ \$1.8600; BIDS UNFILLED: 1 CAR BARRELS @ \$1.8600 1 CAR 40# BLOCKS @ \$1.9000; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.9300

NONFAT DRY MILK - SALES: NONE; BIDS UNFILLED: 5 CARS GRADE A @ \$1.1250; OFFERS UNCOVERED: 1 CAR GRADE A @ \$1.1550

BUTTER - SALES: 8 CARS: 1 @ \$1.4125, 1 @ \$1.4100, 1 @ \$1.4075, 1 @ \$1.4050, 1 @ \$1.4025, 1 @ \$1.4000, 1 @ \$1.3500, 1 @ \$1.3975 BIDS UNFILLED: 5 CARS: 2 @ \$1.3600, 2 @ \$1.3500, 1 @ \$1.2500 OFFERS UNCOVERED: 3 CARS: 1 @ \$1.3950, 1 @ \$1.5000, 1 @ \$1.7500

BUTTER MARKETS**OCTOBER BUTTER PRODUCTION**

During October, butter production in the United States totaled 81.2 million pounds, 2.6% lower than October 1997, but 20.9% higher than last month. Production percentage changes from October 1997 for various states are: CA -29.1%, MN +82.6%, NY +4.4%, OR +16.2%, PA -27.8%, WA +2.0%, and WI +0.2%. Cumulative output for the first 10 months of 1998 totals 862.5 million pounds, 9.8% less than the comparable period in 1997.

NORTHEAST

Premium structures are unchanged to higher within the range. Butter prices at the December 4 trading session of the CME increased 19.5 cents to \$1.4125. Many contacts had anticipated an increase in butter prices, but some were surprised by such a large jump. Demand for butter is fair to good as year end holiday needs are being filled. Churning activity is heavier as more cream is available to local butter makers. Stocks of bulk and print are reported as light to adequate. Some buyers/distributors reported difficulty finding desired loads late last week. Current retail and food service orders are fairly brisk.

CENTRAL

Following ten consecutive weeks of butter price declines in cash trading at the Chicago Mercantile Exchange, butter producers, handlers, and traders are adjusting to the 19 1/2 cent increase recorded December 4. In light of this increase, buying interest increased sharply as many buyers had been hesitant to acquire additional stocks beyond short term needs up to this point. Also spurring buyer interest is the final few weeks prior to the Christmas holiday. Stocks are reported to be in

close balance to short of full needs. Although cream has been available to local churns, butter producers have held off churning beyond near term needs due to weakening prices. The undertone going into upcoming Friday trading is mixed. Some feel the market will continue to increase while others anticipate declines.

WEST

Butter price differentials in the Western region continue to firm. Sales activity is very good from both retail outlets and restaurant/food service accounts. To make things work they need delivery in a very short period of time. Retail store prices have softened enough to stimulate some additional retail interest. Some retail features at a major chain in California are noted as low as 99 cents per pound. Cream offerings are much easier to move currently compared to a few weeks ago. Butter production is higher seasonally. Contacts were not surprised that prices rebounded last week on the CME. They were, however, surprised at the magnitude of the increase and the number of actual sales that did take place. They were surprised that there was that much butter available to offer on the market. Stocks are in a tight position and are held with confidence. Cream cheese supplies are running from tight to short of full trade needs. Sour cream orders are very good.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS,
TRUCKLOAD QUANTITIES.

FIGURES REPRESENT THE RANGE IN PREMIUMS OR DISCOUNTS
(CENTS/POUND) FROM THE CME GRADE AA CASH BUTTER CLOSE
DECEMBER 4, 1998 CLOSE = \$1.4125

STYLE	NORTHEAST	CENTRAL	WEST
BULK	-4 TO +5	flat TO +3	-5 TO flat

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
DECEMBER 5	1.8543 6,050,195	1.8206 8,508,185	1.0749 15,065,038	1.2484 4,385,272	0.2456 5,656,147

Further data and revisions may be found on the Internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are again higher and the market tone remains firm. Cheese closing prices at the CME show little sign of slowing their upward trend. Contacts feel that with continued good orders and relatively tight supply, cheese prices could continue to rise right through the holidays and into January. Most Eastern cheese plants are running at or near capacity because of the financial return. However, they do exercise caution in building inventories. With high milk prices and high cheese prices, there is a financial risk in building stocks at this time. Retail and food service orders are seasonally fair to good.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.8850-2.3725
Cheddar Single Daisies	:	1.8575-2.3725
Cheddar 40# Block	:	2.0250-2.1725
Process 5# Loaf	:	2.0425-2.1950
Process 5# Sliced	:	2.0700-2.2550
Muenster	:	2.0650-2.3800
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

Prices are higher again this week. The weekly average for CME closing prices has increased every week since daily trading was initiated on September 1, 1998. The market tone is firm. Current production levels are moderate to heavy as most producers are operating at or near capacity levels in order to keep pace with demand. Many producers continue to report having orders, in hand, to keep them busy through the holidays and into January. Demand for cheese is holding up quite well. With Christmas shopping season in full swing, fast food outlets and restaurants are experiencing heavy traffic. October American type cheese production totaled 263.7 million pounds, 1.4% higher than October 1997. Total Italian type cheese output during October was 254.6 million pounds, up 6.6% from last October. Total cheese production was 630.2 million pounds, 2.4% more than October 1997.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	2.0250-2.1800
Brick And/Or Muenster 5#	:	2.1400-2.3575
Cheddar 40# Block	:	2.1150-2.1800
Monterey Jack 10#	:	2.1150-2.3400
Blue 5#	:	2.4950-2.7000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.2200-2.2225
Grade A Swiss Cuts 6 - 9#	:	2.4900-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	DECEMBER 7 - 11, 1998
BARRELS*	:	\$1.8550 - 1.8750 (NOMINAL)
	:	(\$.0125) (.0125)
40# BLOCKS	:	\$1.9050 - 1.9350 (NOMINAL)
	:	(\$.0100) (.0100)

() Change from previous week. * If steel, barrel returned.

WEST

Prices continue to increase for most styles and varieties of cheese based on higher prices on the CME. Contacts agree that the market for cheese remains strong with offerings short of full trade needs. They are not surprised that prices continue to increase on the CME. Barrel demand for process cheese needs continues to be in the strongest position. Offerings are short of needs. Current blocks are more closely balanced. Mozzarella offerings are short of needs even with production up at many locations. Swiss sales are seasonally good. Cheddar output is down 0.7% from October of last year. Swiss, at 17.1 million pounds, is up 3.8% from last year. Total cheese output for October is up 2.4% from last year at 630.2 million pounds.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.9900-2.2625
Cheddar 40# Block	:	1.9900-2.1475
Cheddar 10# Cuts	:	2.1800-2.4075
Monterey Jack 10#	:	2.2000-2.3700
Grade A Swiss Cuts 6 - 9#	:	2.4200-2.5400

FOREIGN TYPE

Domestic prices are higher for the twelfth consecutive week. Imported styles are still reported as unchanged. The market tone is improving along seasonal patterns. Consumption of traditional table cheeses during the year end holidays increases and distributors are busy filling orders. Stocks are adequate to meet current needs. The call for imported cheddar types, for further processing, continues as the domestic cheese market prices increase.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	:	NEW YORK
VARIETY	:	IMPORTED : DOMESTIC
Roquefort	:	5.5000-6.8900 : -0-
Blue	:	2.6400-3.1400 : 2.2200-2.8300*
Gorgonzola	:	3.2400-5.9400 : 2.4900-2.9150*
Parmesan (Italy)	:	TFEWR : 3.6300-3.6700*
Romano (Italy)	:	2.0900-2.9000 : -0-
Provolone (Italy)	:	3.4400-5.5000 : 1.8925-2.4200*
Romano (Cows Milk)	:	-0- : 3.3975-5.7350*
Sardo Romano (Argentina)	:	2.6500-3.2900 : -0-
Reggianito (Argentina)	:	2.6500-3.2900 : -0-
Jarlsberg-(Brand)	:	2.7400-3.1200 : -0-
Swiss Cuts Switzerland	:	-0- : 2.3500-2.5500
Swiss Cuts Finnish	:	2.5900-2.8500 : -0-
Swiss Cuts Austrian	:	2.2500-2.7500 : -0-
Edam	:	:
2 Pound	:	TFEWR : -0-
4 Pound	:	2.1900-3.0900 : -0-
Gouda, Large	:	2.3900-3.1500 : -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	:	27.8000-31.7000 : -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
12/07/98	8,148	:	98,237
12/01/98	8,530	:	97,353
CHANGE	-382	:	884
% CHANGE	-4	:	1

Based on the historical relationship of the preliminary U.S. Cold Storage report of October 31, 1998 and the selected centers storage report, the expected U.S. holdings as of December 1, 1998 are:

Butter 33 million pounds plus or minus 4.98 percent
Cheese 398 million pounds plus or minus 2.52 percent

FLUID MILK AND CREAM

E A S T

Following the announcement of the November BFP, Eastern Milk Market Administrators announced changes to their class prices. The November BFP is \$16.84, up \$.80 from October. In all Eastern orders the January Class I & II prices will be \$.80 higher than December. The November Class III prices are \$.80 above October in orders 1, 2, 4, and 36. The November Class III-A is \$14.93 in orders 1 & 2, \$14.95 in order 4, and \$14.87 in all other Eastern orders. The butterfat differential is \$0.178. Milk production is increasing in most areas of the region. However, the mild weather the region had been enjoying all fall became more winter-like early this week. In many areas, the daily high temperatures dropped 20-30 degrees virtually overnight and the cows are adjusting to this rapid change. In the Northeast, milk output is showing more signs of increasing. In Florida, it is still quite hot in the southern part of the state and production gains are slow to develop. Fluid milk supplies are a little heavier, but easily cleared. Florida handlers imported 42 loads this week. This compares to 36 loads last week and 18 during the same week last year. Other Southeastern handlers imported about 50 loads this week. Bottled milk sales range from mostly steady to fairly good. The arrival of winter residents to Florida and other Southern states is about what many would expect and their impact on milk and dairy product consumption is typical. However, the very mild weather up north is having an impact on the "migration" to winter residences. The condensed skim market is not as firm, but prices moved higher again this week. With prices higher, demand is easing as users start to look at NDM. The jump in butter prices last Friday (12/4) didn't have too much of an effect on wet solids prices. The fluid cream market is firming as demand for seasonal products improves and offerings tighten up a little. Spot prices are up because of the 19+ cent jump in butter prices and an increase in multiples used to set cream prices. The jump in the butter price seems to have stimulated demand for cream and butter. Some buyers, who had been waiting for lower prices, jumped back into the market this week. Buyers report a little more difficulty finding spot loads of cream. Egg nog production is starting and expected to absorb a fair amount of cream in the next few weeks. Cream cheese and dip production is going full tilt as producers rush to fill Christmas/New Years orders. Ice cream output is seasonally moderate, but the jump in butterfat prices seemed to temper spot interest. Churning activity ranges from light to heavy.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.6668 - 1.8928
Delivered Equivalent Atlanta	-	1.6950 - 1.9568 M 1.7515 - 1.8363
F.O.B. Producing Plants: Upper Midwest	-	1.6244 - 1.9069

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	1.1600 - 1.5000
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
DECEMBER 04 - 10, 1998	17
PREVIOUS WEEK	19
COMPARABLE WEEK IN 1997	0

DESTINATIONS: KENTUCKY 17

Class I sales are stronger than last week, but are expected to jump even more early next week as bottlers prepare for the upcoming Christmas holiday. At this point, school bottling needs are scheduled to remain stable for next week, but will then be curtailed as schools start to recess for the Christmas/New Year break. Retail bottling will absorb some of the surplus, but already, milk handlers are inquiring who will be willing to take surplus milk during the year-

end period. Cheese producers remain reluctant to take on too much additional milk, even at potentially attractive prices. Cooler, more seasonal, temperatures have prevailed throughout the region for most of the week. Up to this point, very mild conditions have been the norm. Milk production is reported to be quite strong for this time of the year as milk producers take advantage of favorable feed costs, good weather, and strong milk prices. Surplus milk shipments continue to move from Michigan into Wisconsin. This week 21 loads were direct shipped from Wisconsin to Tennessee and pooled under a Southern Federal order. Cream prices firmed this week following the December 4 cash butter trading at the Chicago Mercantile Exchange. Demand for cream is good as production of sour cream, cream cheese, and bottled cream for upcoming holiday needs improves.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	DEC 03 -DEC 09	PREVIOUS YEAR
SLAUGHTER COWS	\$ 28.00- 32.00	\$ 31.00- 36.00
REPLACEMENT HEIFER CALVES	\$185.00-220.00	\$ 90.00-165.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	DEC 03 -DEC 09	PREVIOUS YEAR
SLAUGHTER COWS	\$ 30.00- 37.75	\$ 31.00- 38.75

W E S T

The November 4a price (butter/powder) in California is \$14.74, down \$2.86 from October 1998 but 89 cents higher than last year. The 4b price (cheese) is \$16.81, 44 cents higher than last month and \$4.48 more than last year. (The November BFP used in Federal Orders is \$16.84, up 80 cents from October and \$3.88 higher than last year.) The December 1998 and January 1999 Class 1 prices in California range from \$19.15 in the north to \$19.42 in the south. The statewide average Class 1 based on production is \$19.21. The average is \$1.57 higher than the prior period and \$4.33 higher than the previous year. Production in California is trending slightly higher. Some producer groups are seeing production range from steady to several percentage points higher when compared to last year. Milk output continues to be above year ago levels in New Mexico and Arizona. Cooler conditions over much of the Southwest are not affecting milk production to any great extent. Weather conditions, low feed costs, and higher milk prices are all positive factors in milk production increases. Comments are that producers are very pleased with current returns and money is being used to upgrade facilities. The high price of cows and replacement heifers has tempered growth for some producers. However, current conditions are allowing low producing cows extended life in the milking string. Cream multiples are increasing. Coupled with higher butter prices, cream prices are higher. Demand for cream is good in the region, from out of region, butter churners, seasonal users, and especially higher from cream cheese producers as they try to rebuild stocks. Wet conditions continue to prevail over much of the Pacific Northwest. Temperatures are colder with the snow line moving lower. The snow pack at elevation is more than 50% of normal for the whole winter season in parts of the Cascades. Conditions are very muddy, but most cows are either under cover or on concrete most of the day. Hay quality continues to deteriorate. Some contacts are noting that hay quality is impacting milk production. They wonder what will be happening in late winter when dairy quality hay is all gone. Heifer prices are high enough to limit expansion plans for many producers. Also, many are unable to find heifers at any price. On the east side of the Cascades, muddy conditions are less severe and much of it freezes for at least part of the day. Utah and Idaho production patterns are being categorized as quite strong. Output may be tempered somewhat as the cows adjust to much colder seasonal conditions. Tests on incoming milk receipts continue to rebound seasonally. Many plants are running at close to capacity levels. When asked how milk supplies will be handled during the normal spring flush, no ready answer was forthcoming.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 12/10/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are mostly unchanged and nominal. The market tone is firm. Production levels are up slightly at some plants, but most of the available surplus milk is moving into cheese plants. Demand for NDM is quite good and most Central producers have very little to offer spot buyers. The resale market continues to offer the most powder to spot buyers, but there is growing price resistance. During the past 2-3 weeks, FAS has been very active accepting DEIP bids. In the past two weeks, DEIP bid acceptances total approximately 30,000 MT (66.1 million pounds). Production of human food, nonfat dry milk during October 1998 totaled 70.3 million pounds, down 3.1% from October 1997 but up 17.3% from September 1998. Month ending stocks, at 47.2 million pounds, are 58.8% below a year ago and 26.7% less than last month.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.1300 - 1.1650 MOSTLY: 1.1300 - 1.1400

DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower within the range. The market tone is weak. Demand is slow at best and stocks are building at many plants. Churning activity is increasing as demand for butter improved. Consequently, buttermilk output is also rising. Dry buttermilk production during October 1998 totaled 3.4 million pounds, down 17.6% from October 1997 but 29.7% higher than September 1998. Month ending stocks, at 2.8 million pounds, are 20.8% more than a year ago and 18.7% more than last month.

BUTTERMILK: .9300 - 1.0100

DRY WHEY - CENTRAL

Prices are unchanged. Market activity is reported as steady to slow. Producers are clearing their output, but overall buying interest is seldom better than fair. Traders, for the second or third consecutive week, report a very quiet market. Buyers are either waiting for lower prices and/or working off inventories before the end of the year. Current production levels are steady to heavier as more milk is moving into some cheese operations. Production of human food, dry whey during October 1998 totaled 82.5 million pounds, 6.7% less than October 1997 and 0.3% less than September 1998. Month ending stocks, at 32.5 million pounds, are 19.1% above a year ago but 10.7% less than a month ago.

NONHYGROSCOPIC: .2425 - .2575 MOSTLY: .2450 - .2500

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged and nominal. Some price declines within the ranges have been noted. There is little sales activity and stocks are ample to cover needs. Some producers' stocks are increasing and buyers' needs are light. There is increasing difficulty getting some buyers to pick up scheduled loads. During October, production of animal feed, dry whey totaled 7.1 million pounds, 75.8% more than last October and 19.0% more than September. Month-ending stocks were 4.8 million pounds, 76.0% more than a year ago and 30.5% more than last month. Reduced lactose and minerals animal feed, dry whey production during October totaled 2.7 million pounds, 8.1% more than last year and 2.4% above September 1998.

MILK REPLACER: .1800 - .2100
STANDARD: .1600 - .1800
ROLLER GROUND: .2500 - .2625
DE LACTOSE (Min. 20% protein): .3275 - .3575

LACTOSE - CENTRAL AND WEST

Prices are steady and the market tone is mixed. Plants with contracts are pretty well sold out, but others do have plenty of product to clear. Demand is unchanged. First quarter contracts are being negotiated. Lactose production during October totaled 36.1 million pounds, up 13.1% from last year but 1.8% lower than September 1998. Month ending stocks, at 26.4 million pounds, are 20.0% higher than a year ago but 4.0% below last month. Production in selected states, with changes from 1997 are: Minnesota, 6.5 million pounds, -19.3%; and Wisconsin, 7.4 million pounds, -10.2%.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1400 - .2350 MOSTLY: .1700 - .1800

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower and the market tone is weak. Stocks range from balanced to ample, mostly fully adequate. Heaviest stocks are at operations that rely heavily on the animal feed market for the majority of their sales. However, human food usage and sales are just fair. Production of human food, WPC during October totaled 20.9 million pounds, up 25.6% from last year and 6.7% above September 1997. Manufacturers' end-of-month stocks totaled 12.9 million pounds, 51.3% higher than October 1997 and 10.3% above September 1997.

EXTRA GRADE 34% PROTEIN: .5300 - .6225 MOSTLY: .5750 - .5950

NONFAT DRY MILK - WEST

Nonfat dry milk prices are mostly steady in the region. The market tone is more unsettled for low/medium heat, firmer for high heat. Availability of NDM in the region is mixed. Production is higher at certain plants and producers are getting caught up on prior orders. Other producers are still tight and have little or no extra powder available for current spot sales. Contacts are concerned about being competitive, especially when faced with buyers making contract purchases at lower levels. DEIP orders are being negotiated for early next year. High heat demand is good with some orders going unfilled. Some producers are trying to shift to additional high heat production. Sales of condensed skim are good and moving fair volumes of solids. U.S. NDM production in October totaled 70.3 million pounds, down 3.1% from last year but 17.3% higher than last month. Cumulative production totals through October are 9.0% below the comparable 1997 period. Stocks at the end of October were reported at 47.2 million pounds, down 58.8% from last year and 26.7% less than last month. October production in California totaled 42.1 million pounds, down 5.4% from last year, and Washington output totaled 10.6 million pounds, down 1.4% from a year ago.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0600 - 1.1600 MOSTLY: 1.1100 - 1.1300
HIGH HEAT: 1.1300 - 1.1750

DRY BUTTERMILK - WEST

Dry buttermilk prices are sharply lower and the market tone is weak. Buyer interest is very limited and lower prices are doing little to stimulate additional demand. Producers are open to bid and still are having limited success moving powder. Production remains active at most plants in the region and current stock levels are growing. U.S. buttermilk powder production in October totaled 3.4 million pounds, down 17.6% from last year but 29.7% higher than September. Stocks at the end of the month were reported at 2.8 million pounds, up 20.8% from a year earlier and 18.7% higher than September.

BUTTERMILK: .9000 - .9700 MOSTLY: .9200 - .9300

DRY WHEY - WEST

Range and mostly prices held steady this week, but some price weakness was noted within the range. A number of manufacturing plants continue to turn output powder that is below extra grade specifications. Contacts are waiting for the results of two whey tenders for export this week. Current stocks seem to be still in a balanced position in the West. U.S. dry whey production in October totals 82.5 million pounds, down 6.7% from last year. Stocks at the end of October total 32.5 million pounds, up 19.1% from a year earlier. Cumulative total whey (edible plus animal) production for the first ten months of 1998 has reached 980.9 million pounds, up 3.3% from the same period in 1997.

NONHYGROSCOPIC: .2300 - .2750 MOSTLY: .2400 - .2425

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended December 4, on powder sales of 11,719,586 pounds f.o.b. California manufacturing plants was \$1.0673 per pound. This compares to 7,083,733 pounds at \$1.0527 for the previous week ending November 27, 1998. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are higher at the lower end of the ranges. The market tone is very firm. Drying schedules, though up slightly, are well below anticipated levels. Shipments of milk to the Southeast continue on a limited scale. Some dryers are trying to get caught up with existing orders, while others are making some NDM to meet new contracts. Although plant stocks are tight, producers are reluctant to just build stocks. Producers have year end inventory considerations to think about plus the pending, January 1 drop in the support price for milk and what that may do to NDM support purchase prices. In the past two - three weeks, FAS has been very active accepting bids for NDM under DEIP. Production of human food, nonfat dry milk during October 1998 totaled 70.3 million pounds, down 3.1% from October 1997 but up 17.3% from September 1998. Month ending stocks, at 47.2 million pounds, are 58.8% below a year ago and 26.7% less than last month.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.1350 - 1.1900

HIGH HEAT: 1.1600 - 1.2000 MOSTLY: 1.1600 - 1.1700

DELVD SOUTHEAST:

ALL HEATS: 1.1500 - 1.2000

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone is weak. Eastern production is light to moderate and stocks are slowly accumulating at some locations. However, contract sales are clearing most of the current output and dryers are not yet concerned with any stock build up they may have. Demand is seldom better than slow. Dry buttermilk production during October 1998 totaled 3.4 million pounds, down 17.6% from October 1997 but 29.7% higher than September 1998. Month ending stocks, at 2.8 million pounds, are 20.8% more than a year ago and 18.7% more than last month.

F.O.B. NORTHEAST: .9500 - .9900

DELVD SOUTHEAST: .9600 - 1.0400

DRY WHOLE MILK - NATIONAL

Prices are steady to higher as November milk prices jumped 80 cents and butterfat values increased for the first time in ten - eleven weeks. Production levels are light and mostly to meet orders. This week, for the first time is many months, two DEIP bids to export dry whole milk were accepted. Dry whole milk production during October 1998 totaled 13.2 million pounds, up 5.0% from October 1997 and 27.2% above September 1998. Month ending stocks, at 5.1 million pounds, are 1.2% above a year ago but 7.1% less than last month.

F.O.B. PRODUCING PLANT: 1.5900 - 1.7775

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH DECEMBER 4, 1998
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	56,738	MT (125,084,595 LBS)
CHANGE	--	4,265	MT (9,402,619 LBS)
WHOLE MILK POWDER	--	2,080	MT (4,585,568 LBS)
CHEESE	--	1,959	MT (4,318,811 LBS)
BUTTERFAT	--	0	MT
REALLOCATED NDM	--	23,357	MT (51,492,842 LBS)
CHANGE	--	4,000	MT (8,818,400 LBS)

Allocations for the DEIP year beginning July 1, 1998, are: Nonfat dry milk - 84,212 MT; Whole Milk Powder - 5,003 MT; Cheese - 3,350 MT; Butterfat - 29,854 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices and the market tone are steady. Producers report steady to heavier output as more milk is available to them. However, demand for dry whey is lackluster at best and increasing output seems imprudent at this time. Supplies are well balanced, but if buyers want an extra load or two, they don't seem to have much trouble finding them. Export interest is fair, but new tenders from the Far East were expected this week which could, if US companies get some of the bids, help national market conditions. Production of human food, dry whey during October 1998 totaled 82.5 million pounds, 6.7% less than October 1997 and 0.3% less than September 1998. Month ending stocks, at 32.5 million pounds, are 19.1% above a year ago but 10.7% less than a month ago.

F.O.B. NORTHEAST: EXTRA GRAD .2475 - .2525

USPH GRADE .2500 - .2625

DELVD SOUTHEAST: .2650 - .2825

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. The market tone is weak and animal feed whey is in abundant supply for the continued slow buying interest. Production of animal feed, dry whey during October totaled 7.1 million pounds, 75.8% higher than a year ago and 19.0% more than September 1998.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. The large jump in the November BFP was anticipated. Producers are very concerned with the escalating cost of milk and how much rising costs will affect their sales and, eventually, retail demand. Canned evaporated milk production during October 1998 totaled 43.8 million pounds, 10.4% less than October 1997 but 37.5% more than September 1998. Month ending stocks, at 62.0 million pounds, are 93.2% more than a year ago but 0.2% below last month. The Kansas City Commodity office announced the issuance of EVD-1, invitation 520 inviting competitive offers to sell to CCC 1,762,560 pounds of evaporated milk for shipment in February 1999.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$23.62 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein prices are unchanged, although the market tone remains weak. Stocks of both rennet and acid are reported to be readily available on a contracted and spot basis. Supplies in importing countries are sufficient to maintain regular shipments as production in Europe is seasonally light and output in the Oceania region is seasonally active. During September, 5,370,187 kg of casein were imported into the United States. For the first nine months of 1998, 51,998,015 kg of casein have entered the country. The January - September total is 7% heavier than the comparable period in 1997.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.9500 - 2.1000

ACID: 1.9000 - 2.0500

COFFEE, SUGAR, & COCOA EXCHANGE (A Subsidiary of the NEW YORK BOARD OF TRADE) AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	11/24	11/25	11/26	11/27	11/30	12/01	12/02	12/03	12/04	12/07
CSCE/NYBT - BFP -- Dollars per cwt.										
NOV 98	16.67 (212) 0	16.65 (212) 2	NO TRADING	NO TRADING	16.73 (212) 1	16.85 (212) 3	16.85 (212) 0	16.85 (174) 0		
DEC 98	16.58 (165) 2	16.62 (168) 4			16.80 (175) 10	17.08 (171) 16	17.08 (174) 10	17.03 (173) 2	17.07 (175) 5	17.13 (174) 5
JAN 99	15.47 (92) 1	15.53 (105) 16			16.15 (109) 15	16.40 (109) 5	16.38 (110) 5	16.30 (115) 7	16.05 (116) 1	16.18 (117) 1
FEB 99	13.86 (45) 3	13.83 (50) 6			14.40 (54) 6	14.95 (55) 12	15.10 (55) 5	14.89 (55) 2	14.68 (55) 0	14.50 (58) 3
MAR 99	12.88 (21) 2	12.80 (21) 0			13.03 (23) 4	13.40 (26) 3	13.85 (29) 7	13.75 (29) 0	13.53 (30) 1	13.38 (30) 0
APR 99	12.38 (65) 0	12.38 (68) 3			12.45 (69) 1	12.70 (71) 2	12.90 (75) 4	12.70 (75) 0	12.70 (76) 1	12.65 (76) 0
MAY 99	12.10 (26) 2	12.04 (29) 3			12.04 (29) 0	12.20 (29) 0	12.28 (30) 2	12.15 (30) 0	12.12 (30) 0	12.12 (31) 1
JUN 99	12.03 (16) 0	12.06 (16) 0			12.06 (16) 0	12.15 (17) 1	12.15 (17) 2	12.08 (19) 0	12.07 (20) 1	12.09 (20) 0
JUL 99	12.35 (2) 0	12.35 (3) 1			12.45 (3) 0	12.45 (3) 0	12.35 (3) 0	12.30 (3) 0	12.40 (3) 0	12.40 (3) 0
AUG 99	12.65 (3) 0	12.70 (3) 0			12.75 (3) 0	12.75 (3) 0	12.75 (3) 0	12.70 (3) 0	12.70 (4) 1	12.65 (4) 0
SEP 99	12.75 (3) 0	12.88 (3) 0			12.85 (3) 0	13.05 (3) 0	13.05 (3) 0	12.95 (3) 0	13.00 (4) 1	12.95 (4) 0

CME - BUTTER -- Cents per pound

FEB 99	130.00 (21) 10	130.00 (21) 0	NO TRADING	130.025 (21) 0	133.00 (22) 5	136.50 (22) 0	136.50 (22) 0	136.50 (22) 0	136.50 (22) 0	138.00 (22) 0
MAR 99	136.20 (8) 4	136.20 (7) 0		136.20 (7) 0	135.00 (15) 14	136.55 (15) 0	136.55 (15) 0	136.55 (15) 0	136.55 (15) 0	138.00 (15) 0

CME - BFP -- Dollars per cwt.

NOV 98	16.66 (531) 32	16.66 (531) 0	NO TRADING	16.67 (532) 8	16.70 (528) 4	16.85 (519) 25	16.86 (519) 4	16.85 (510) 15		
DEC 98	16.68 (784) 76	16.65 (795) 26		16.69 (811) 32	16.89 (823) 44	17.07 (828) 74	17.08 (829) 15	17.08 (861) 38	17.08 (869) 35	17.13 (910) 53
JAN 99	15.40 (368) 41	15.51 (390) 46		15.61 (405) 26	16.17 (423) 38	16.32 (427) 33	16.38 (434) 15	16.35 (445) 42	16.08 (458) 36	16.19 (480) 44
FEB 99	13.82 (261) 27	13.82 (277) 32		13.98 (279) 13	14.35 (284) 14	14.95 (293) 32	15.07 (301) 23	14.90 (314) 42	14.66 (317) 22	14.49 (327) 34
MAR 99	12.89 (253) 9	12.80 (258) 14		12.81 (258) 2	12.95 (287) 42	13.40 (290) 39	13.85 (295) 38	13.74 (300) 15	13.70 (302) 23	13.40 (322) 28
APR 99	12.35 (118) 11	12.37 (149) 46		12.37 (156) 18	12.44 (159) 7	12.66 (176) 48	12.92 (184) 19	12.70 (190) 11	12.67 (192) 8	12.66 (213) 51
MAY 99	12.07 (103) 15	12.03 (123) 26		12.05 (123) 5	12.07 (130) 7	12.19 (136) 15	12.32 (149) 19	12.25 (153) 5	12.18 (155) 4	12.18 (161) 6
JUN 99	12.11 (107) 14	12.11 (114) 14		12.08 (115) 1	12.11 (123) 8	12.13 (129) 16	12.13 (132) 17	12.14 (135) 10	12.11 (134) 3	12.12 (139) 15
JUL 99	12.35 (45) 8	12.36 (67) 22		12.45 (68) 1	12.50 (68) 5	12.50 (68) 5	12.41 (73) 11	12.39 (76) 3	12.49 (79) 3	12.45 (81) 18
AUG 99	12.61 (24) 0	12.69 (47) 29		12.69 (47) 0	12.72 (50) 3	12.76 (58) 8	12.76 (64) 11	12.75 (64) 0	12.65 (65) 1	12.69 (69) 4
SEP 99	12.81 (17) 0	12.90 (39) 30		12.90 (39) 0	12.98 (41) 2	13.03 (42) 4	13.04 (46) 4	13.03 (47) 8	13.04 (49) 2	13.04 (49) 0

CME - CHEDDAR CHEESE -- Cents per pound

NOV 98	185.00 (0) 0	185.00 (0) 0	NO TRADING	185.00 (0) 0	185.00 (0) 0	185.00 (0) 0	185.00 (0) 0	185.025 (0) 0		
DEC 98	176.50 (6) 0	176.50 (7) 4		177.00 (7) 0	177.25 (7) 0	178.25 (7) 0	178.50 (7) 0	179.00 (7) 0	179.00 (7) 0	181.50 (7) 0

1/ At the CSCE/NYBT Open interest for NDM -- 44,000 pounds per contract, Cheddar Cheese -- 10,500 pounds per contract, Fluid Milk -- 50,000 pounds per contract, BFP -- 100,000 pounds per contract. At the CME Open interest for Cheddar Cheese -- 40,000 pounds per contract and BFP -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

NOTE: The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered November 30 - December 11, 1998

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERNEUROPE: Milk production in Western Europe is reported to be bouncing around at seasonally low levels. In most areas, this time of the year is typically the low cycle of milk output, but some areas will realize increases in the near future. Milk production during the current quota year has not been overly strong and is running at or below last year at this time. With this being the situation, producers are aware of their individual situation and most anticipate that they will not need to curtail output prior to the April quota deadline. International trading activity remains light and unaggressive, while domestic sales are seasonally active. In most instances, stocks of manufactured dairy products are fully sufficient for current buyer interest. Some traders of dairy products are becoming concerned about inventory levels versus limited sales activity.

BUTTER/BUTTEROIL: Butter markets are generally steady, although prices did adjust slightly. Stock levels are reported to be readily available and in instances, heavier than desired in light of unaggressive international buyer interest. Domestic demand is seasonally active. Some small volume buying interest is developing out of Russia at this time. Traders are stating that they do not know if this buyer interest will develop into larger volumes. The Russian financial situation continues to hinder sales activity of any significance for both buyers and sellers.

82% BUTTERFAT:	1,620 - 1,900
99% BUTTERFAT:	2,200 - 2,600

SKIM MILK POWDER (SMP): Skim powder markets and prices are steady. Export trading activity is slow and unaggressive. Stock levels of powder are heavy and causing concern as the new production season nears. With no major potential sales in the foreseeable future to reduce inventories, officials, producers, and handlers are looking ahead to potentially high intervention offerings.

1.25% BUTTERFAT:	1,250 - 1,400
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WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady, although prices are unchanged to slightly higher. In most instances, whole milk powder stocks are in good balance with demand as most powder is generated once a sales transaction has been negotiated. Although milk production is at seasonally low levels, producers do not foresee any problems in filling potential orders due to availability of some milk volumes that are difficult to place at this time.

26% BUTTERFAT:	1,500 - 1,750
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SWEET WHEY POWDER: Whey markets are steady to weak. Stock levels are reported to be readily available for current light buyer interest. As in other manufactured dairy products, fully sufficient stocks and limited buyer potential are causing concern on the part of producers and handlers.

NONHYGROSCOPIC:	620 - 640
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OVERVIEW: EASTERN EUROPE: Trading activity out of Eastern Europe is much the same as elsewhere in the world. Some very recent, small volume sales, of butter and cheese have occurred to Russia. This buyer interest is minimal in comparison to last year and to what extent it will develop is still unclear. Most traders feel that only minimal amounts will be traded.

OCEANIA

OVERVIEW: Milk production in the Oceania region continues to decline seasonally. Up to this point, milk output in New Zealand is reported to be nearly steady with last year's strong season. Although milk output early in the current season appeared to be strong, less than favorable weather conditions curtailed seasonal growth to the point that annual production projections are being revised lower. In Australia, weather conditions are also not as favorable at mid-season. Overall growth is not as positive as earlier indicated, but is projected to be between 3 - 4% stronger than last year. Export activity out of the region remains at light levels. Due to overall slow trading activity and various levels of inventory, some manufacturers are redirecting milk volumes away from some dairy products toward others.

BUTTER: International buying interest for butter is light and unaggressive, although some Russian interest is starting to develop. The unsettled monetary situation in Russia has some Oceania traders questioning to what extent this buyer interest will develop. Stock levels in Australia and New Zealand are reported to be at relatively comfortable levels with both countries indicating that stocks are available for new buyer interest.

82% BUTTERFAT:	1,650 - 1,750
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CHEDDAR CHEESE: Cheese markets are steady at unchanged prices. Overall demand is slow and, as one traders reports, in the doldrums. Stock levels are reported to be readily available and in instances heavy. Spot trading is quiet, but sales activity to Japanese markets continues.

39% MAXIMUM MOISTURE:	1,800 - 2,000
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SKIM MILK POWDER (SMP): Skim powder markets are steady to firm. Stocks of powder range from in close balance to lighter than desired. In New Zealand, stock levels are lower to the point that, in instances, milk will be directed toward powder production and away from other manufactured dairy products. Although new buyer interest is slow, some producers and handlers are adjusting prices slightly higher.

1.25% BUTTERFAT:	1,300 - 1,400
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WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady at unchanged prices. Stock levels are reported to be readily available for current buyer interest. As in other manufactured dairy product markets, trading activity is slow. Ongoing trading activity continues, but basically no new buyer interest is developing.

26% BUTTERFAT:	1,600 - 1,650
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Exchange rates for selected foreign currencies: December 7, 1998

.5283 Dutch Guilder	.5952 German Mark
.1774 French Franc	.5226 New Zealand Dollar
.1003 Mexican Peso	.6200 Australian Dollar
1.6517 British Pound	.0083 Japanese Yen
.2858 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1003) = 9.9700$. That is 1 US Dollar equals 9.9700 Mexican Pesos.

Source: "Wall Street Journal"

NOVEMBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in November 1998 was unchanged at 114. Compared with November 1997, the index was down 3 points (2.6 percent). The index of prices received by farmers for dairy products advanced 2 points during the month of November 1998 to 137. Compared with November 1997, the index was up 24 points (21.2 percent).

On a 3.5 percent butterfat basis, prices received by farmers in November with changes from October were: for All Milk, \$17.42 per hundredweight (cwt.), up 39 cents; Fluid Grade Milk, \$17.42 per cwt., up 37 cents; and for Manufacturing Grade Milk, \$16.28 per cwt., up 62 cents.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., NOVEMBER 1998 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	OCTOBER		NOVEMBER		NOVEMBER		NOVEMBER		NOVEMBER	
	1998 <u>2/</u>	1997 <u>2/</u>	1998 <u>4/</u>	1997 <u>2/</u>	1998	1997	1998 <u>7/</u>	1997 <u>8/</u>	1998	1997
CA	17.09	13.10	16.84	13.24	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		30.50	32.00	86.00	123.00
ID	15.94	12.86	16.70	13.13			27.70	28.30	86.00	111.00
MI	16.77	13.79	17.31	14.37			32.00	31.10	97.00	109.00
MN	17.23	13.77	17.81	14.17			31.50	31.10	68.00	89.00
NY	16.73	13.95	17.20	14.40			---	---	92.00	102.00
OH	16.66	13.42	17.08	14.20			30.00	30.10	99.00	143.00
PA	17.40	14.42	18.37	15.10			28.30	31.00	114.00	140.00
TX	17.58	14.32	17.64	14.93			28.00	30.60	82.00	69.00
WA	17.17	13.81	17.80	14.18			---	---	96.00	120.00
WI	17.15	13.81	18.01	14.23			31.40	32.70	79.00	85.00
U.S.	17.03	13.78	17.42	14.20			29.90	31.90	81.40	100.00

1/ Prices converted to 3.5 percent butterfat. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND PARITY PRICE RELATIONSHIPS AND OTHER GENERAL PRICE MEASURES, U.S., NOVEMBER 1998 WITH COMPARISONS 1/

ITEM		NOVEMBER 1997	OCTOBER 1998 <u>2/</u>	NOVEMBER 1998 <u>3/</u>
PRICES (converted to 3.5 percent butterfat) received by farmers for:				
All milk	Dol. per cwt.	14.20	17.03	17.42
Fluid grade milk	Dol. per cwt.	14.22	17.05	17.42
Manufacturing grade milk	Dol. per cwt.	12.80	15.66	16.28
INDEX NUMBERS for:				
Prices received by farmers for dairy products (1990-92 = 100)	Index	113	135	137
Prices paid by farmers for commodities and services, interest taxes, and wage rates (1990-92=100)	Index	117	114	114
PARITY PRICE for all milk	Dol. per cwt.	29.30	28.90	29.10
PARITY EQUIVALENT price for manufacturing grade milk	Dol. per cwt.	26.60	26.27	26.45
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>4/</u>		2.73	4.15	4.23

1/ Parity prices are based on data for the current month. Parity price equivalent during 1998 is 90.9% of the parity price of all milk sold to plants, compared with 90.8% in 1997. 2/ Partially revised. 3/ Preliminary. 4/ Reporting change; the feed price measure used to compute the previous data series has been discontinued. For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay.

SOURCE: "Agricultural Prices," Pr 1 (11/98), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

OCTOBER 1998 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 81.2 million pounds in October, 2.6 percent below October 1997 but 20.9 percent above September 1998. **AMERICAN TYPE CHEESE** production totaled 263.7 million pounds, 1.4 percent above October 1997 and 7.4 percent above September 1998. **TOTAL CHEESE** output (excluding cottage cheese) was 630.2 million pounds, 2.4 percent above October 1997 and 8.7 percent above September 1998. **NONFAT DRY MILK** production, for human food, totaled 70.3 million pounds, 3.1 percent below October 1997 but 17.3 percent above September 1998. **DRY WHEY** production, for human food, was 82.5 million pounds, 6.7 percent below October 1997 and 0.3 percent below September 1998. **ICE CREAM** (hard) production totaled 64.9 million gallons, 3.0 percent below October 1997 and 10.8 percent below September 1998.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	OCT 1998	PERCENT CHANGE FROM:			PRODUCT	OCT 1998	PERCENT CHANGE FROM:		
	1,000 LBS.	OCT 1997	SEP 1998	YEAR TO DATE 1/		1,000 LBS.	OCT 1997	SEP 1998	YEAR TO DATE 1/
BUTTER	81,169	-2.6	20.9	-9.8	DRY BUTTERMILK	3,429	-17.6	29.7	---
CHEESE					YOGURT (PLAIN AND FLAVORED)	138,469	10.2	-5.6	---
AMERICAN TYPES 2/	* 263,709	1.4	7.4	-0.4	CONDENSED WHEY, SOLIDS CONTENT 8/				
CHEDDAR	204,013	-0.7	7.9	-1.9	SWEET-TYPE, HUMAN FOOD	5,547	-25.3	-21.1	---
SWISS	17,075	3.8	4.1	---	SWEET-TYPE, ANIMAL FEED	1,357	-32.9	3.8	---
BRICK & MUENSTER	9,104	-5.9	19.7	---	DRY WHEY PRODUCTS				
CREAM & NEUFCHATEL	63,286	-7.9	7.3	---	DRY WHEY, HUMAN FOOD	82,514	-6.7	-0.3	---
BLUE	4,516	29.9	14.1	---	DRY WHEY, ANIMAL FEED	7,052	75.8	19.0	---
HISPANIC	6,522	7.2	5.3	---	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	198,467	9.4	9.3	3.8	HUMAN FOOD	5,716	19.1	-4.3	---
OTHER ITALIAN TYPES	56,152	-2.3	16.1	1.1	ANIMAL FEED	2,744	8.1	2.4	---
TOTAL ITALIAN TYPES	254,619	6.6	10.7	3.2	LACTOSE, HUMAN FOOD & ANIMAL FEED	36,121	13.1	-1.8	---
ALL OTHER TYPES 3/	11,376	-6.7	-0.1	---	WHEY PROTEIN CONCENTRATE				
TOTAL	630,207	2.4	8.7	1.4	HUMAN FOOD	20,940	25.6	6.7	---
COTTAGE CHEESE, CURD 4/	38,107	-3.8	-5.4	---	ANIMAL FEED	3,332	6.4	18.2	---
COTTAGE CHEESE, CREAMED 5/	30,079	-3.3	-7.5	1.1					
COTTAGE CHEESE, LOWFAT 6/	29,490	-2.5	-9.7	2.4	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAPORATED & CONDENSED					ICE CREAM (HARD)	64,898	-3.0	-10.8	-8.6
WHOLE MILK	43,835	-10.4	37.5	---	ICE CREAM, LOWFAT (HARD)	8,047	-2.2	-7.4	---
DRY WHOLE MILK	13,151	5.0	27.2	---	ICE CREAM, LOWFAT (SOFT)	22,563	6.9	-15.8	---
NONFAT DRY MILK, HUMAN FOOD	7/ 70,292	-3.1	17.3	-9.0	ICE CREAM, LOWFAT (TOTAL)	30,610	4.4	-13.7	-2.4
DRY SKIM MILK, ANIMAL FEED	310	-2.8	4.4	---	SHERBET (HARD)	3,458	-1.6	-14.1	-1.1
					YOGURT	7,023	6.4	-21.3	-7.4

MANUFACTURERS' STOCKS, END OF MONTH 9/							
PRODUCT	OCT 1998	PERCENT OF:		PRODUCT	OCT 1998	PERCENT OF:	
	1,000 LBS.	OCT 1997	SEP 1998		1,000 LBS.	OCT 1997	SEP 1998
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	32,509	19.1	-10.7	HUMAN FOOD	12,878	51.3	10.3
DRY WHEY, ANIMAL FEED	4,802	76.0	30.5	ANIMAL FEED	1,429	6.0	42.9
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 10/	10,393	15.7	-14.7	CANNED EVAPORATED & CONDENSED WHOLE MILK	62,037	93.2	-0.2
LACTOSE, HUMAN FOOD & ANIMAL FEED	26,364	20.0	-4.0	DRY WHOLE MILK	5,082	1.2	-7.1
DRY BUTTERMILK, TOTAL	2,783	20.8	18.7	NONFAT DRY MILK FOR HUMAN FOOD	47,235	-58.8	-26.7
				DRY SKIM MILK FOR ANIMAL FEED	1,044	7.0	-26.0

1/ 1998 cumulative as percent change of 1997 cumulative. 2/ Whole milk cheese, including Cheddar, colby, washed curd, stirred curd, monterey and jack. 3/ Does not include part skim cheese beginning January 1996 or Hispanic cheese beginning June 1996. 4/ Mostly used for processing into creamed or lowfat cottage cheese. 5/ Fat content 4 percent or more. 6/ Fat content less than 4 percent. 7/ Includes combined Minnesota and Wisconsin production of 881,000 lbs. 8/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 9/ Stocks held by manufacturers at all points and in transit. 10/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. *Includes combined Minnesota and Wisconsin production of 115,610,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (12-98), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

BASIC FORMULA PRICE. The Basic Formula Price for November 1998 is \$16.84 per hundredweight at 3.5 percent butterfat. The November Basic Formula Price is the October base month Minnesota-Wisconsin (M-W) price of \$16.26 at 3.5 percent plus a change of \$0.58, which is the change in the butter/powder/cheese formula from October to November 1998. The November 1998 Basic Formula Price is \$0.80 more than last month and \$3.88 more than the November 1997 Basic Formula Price. This Basic Formula Price is the Class III price for November 1998 and is to be used in January 1999 for establishing minimum Class I (fluid use) prices and minimum Class II prices under Federal milk orders. To arrive at the minimum Class I price for each market, a Class I differential, ranging from \$1.20 in the Upper Midwest order to \$4.18 in the Southeastern Florida order, is added to this basic formula price. To arrive at the minimum Class II price for all markets, a differential of \$0.30 is added to this basic formula price. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 27.3 cents. **MILK COMPONENT CONTENTS.** For the October 1998 base month M-W price, the butterfat content was 3.92 percent, protein 3.32 percent, and solids-not-fat 8.70 percent. For the November 1998 Basic Formula Price, the butterfat content was 3.98 percent, protein 3.30 percent, and solids-not-fat 8.69 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	NOVEMBER								DECEMBER			JANUARY	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1999	1999
		DOLLARS								DOLLARS				
New England (Boston)	1 3/	18.34	16.03	15.40	13.09	16.90	13.02	14.93	14.07	19.28	16.07	16.34	20.08	17.14
New York/New Jersey (NY City)	2 4/	18.24	15.93	15.48	13.17	16.98	13.10	15.01	14.15	19.18	15.97	16.42	19.98	17.22
Middle Atlantic (Philadelphia/ Baltimore/Washington, DC)	4 5/	18.13	15.82	15.40	13.09	16.92	13.04	14.95	14.09	19.07	15.86	16.34	19.87	17.14
Carolina (Charlotte)	5	18.18	15.87	15.40	13.09	16.84	12.96	14.87	14.01	19.12	15.91	16.34	19.92	17.14
Southeast (Atlanta/Birmingham)	7	18.18	15.87	15.40	13.09	16.84	12.96	14.87	14.01	19.12	15.91	16.34	19.92	17.14
Upper Florida (Jacksonville/Tallahassee)	6	18.68	16.37	15.40	13.09	16.84	12.96	---	---	19.62	16.41	16.34	20.42	17.14
Tampa Bay	12	18.98	16.67	15.40	13.09	16.84	12.96	---	---	19.92	16.71	16.34	20.72	17.14
Southeastern Florida (Miami)	13	19.28	16.97	15.40	13.09	16.84	12.96	---	---	20.22	17.01	16.34	21.02	17.14
Michigan Upper Peninsula (Marquette)	44	16.45	14.14	15.40	13.09	16.84	12.96	14.87	14.01	17.39	14.18	16.34	18.19	17.14
Southern Michigan (Detroit)	40 6/	16.85	14.54	15.40	13.09	16.84	12.96	14.87	14.01	17.79	14.58	16.34	18.59	17.14
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	17.10	14.79	15.40	13.09	16.84	12.96	14.87	14.01	18.04	14.83	16.34	18.84	17.14
Ohio Valley (Columbus)	33	17.14	14.83	15.40	13.09	16.84	12.96	14.87	14.01	18.08	14.87	16.34	18.88	17.14

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	NOVEMBER								DECEMBER			JANUARY	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1999	1999
		DOLLARS								DOLLARS				
Indiana (Indianapolis)	49	17.00	14.69	15.40	13.09	16.84	12.96	14.87	14.01	17.94	14.73	16.34	18.74	17.14
Chicago Regional	30	16.50	14.19	15.40	13.09	16.84	12.96	14.87	14.01	17.44	14.23	16.34	18.24	17.14
Central Illinois (Peoria)	50	16.71	14.40	15.40	13.09	16.84	12.96	---	---	17.65	14.44	16.34	18.45	17.14
S. Illinois/E. Missouri (Alton)	32	17.02	14.71	15.40	13.09	16.84	12.96	---	---	17.96	14.75	16.34	18.76	17.14
Louisville/Lexington/Evansville	46	17.21	14.90	15.40	13.09	16.84	12.96	14.87	14.01	18.15	14.94	16.34	18.95	17.14
Upper Midwest (Minneapolis)	68	16.30	13.99	15.40	13.09	16.84	12.96	14.87	14.01	17.24	14.03	16.34	18.04	17.14
E. South Dakota (Sioux Falls)	76	16.60	14.29	15.40	13.09	16.84	12.96	---	---	17.54	14.33	16.34	18.34	17.14
Iowa (Des Moines)	79	16.65	14.34	15.40	13.09	16.84	12.96	14.87	14.01	17.59	14.38	16.34	18.39	17.14
Nebraska/W. IA. (Omaha/Sioux City)	65	16.85	14.54	15.40	13.09	16.84	12.96	14.87	14.01	17.79	13.58	16.34	18.59	17.14
Greater Kansas City	64	17.02	14.71	15.40	13.09	16.84	12.96	---	---	17.96	14.75	16.34	18.76	17.14
Southwest Plains (Oklahoma City)	106	17.87	15.56	15.40	13.09	16.84	12.96	14.87	14.01	18.81	15.60	16.34	19.61	17.14
Texas (Dallas)	126	18.26	15.95	15.40	13.09	16.84	12.96	14.87	14.01	19.20	15.99	16.34	20.00	17.14
Eastern Colorado (Denver)	137	17.83	15.52	15.40	13.09	16.84	12.96	---	---	18.77	15.56	16.34	19.57	17.14
Western Colorado (Grand Junction)	134	17.10	14.79	15.40	13.09	16.84	12.96	---	---	18.04	14.83	16.34	18.84	17.14
SW Idaho/Eastern Oregon (Boise)	135	16.60	14.29	15.40	13.09	16.84	12.96	14.80	13.89	17.54	14.33	16.34	18.34	17.14
Great Basin (Salt Lake City)	139	17.00	14.69	15.40	13.09	16.84	12.96	---	---	17.94	14.73	16.34	18.74	17.14
Central Arizona (Phoenix)	131	17.62	15.31	15.40	13.09	16.84	12.96	14.80	13.89	18.56	15.35	16.34	19.36	17.14
New Mexico/West Texas (Albuquerque)	138	17.45	15.14	15.40	13.09	16.84	12.96	14.87	14.01	18.39	15.18	16.34	19.19	17.14
Pacific Northwest (Seattle/Portland)	124	17.00	14.69	15.40	13.09	16.84	12.96	14.80	13.89	17.94	14.73	16.34	18.74	17.14
SIMPLE AVERAGE	---	17.42	15.11	15.40	13.09	16.85	12.97	14.87	14.01	18.36	15.15	16.34	19.16	17.14

* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in January 1999 is \$20.08 per 100 pounds or \$1.73 per gallon (\$19.28 divided by 11.63 equals \$1.7266).

1/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. This assessment applies to all persons who process and market more than 500,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia during the month.

2/ Names in parentheses are principal cities and pricing points of markets.

3/ Zone 1, Boston. Class I price at 201-210 mile zone--72 cents less.

4/ New York City metropolitan area. Prices at 201-210 mile zone: Class I - 72 cents less, Class II - 8 cents less, Class III - 8 cents less, and Class III-A - 8 cents less.

5/ Prices exclude a 6-cent direct delivery differential applicable to milk delivered to Philadelphia.

6/ Prices exclude a 10-cent direct delivery differential applicable to milk delivered to Detroit metropolitan area.

MINIMUM FEDERAL ORDER AND ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES 1/												
CITY	DEC 1996			DEC 1997			NOV 1998			DEC 1998		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	17.21	18.48	1.27	15.91	17.11	1.20	18.18	19.33	1.15	19.12	20.27	1.15
Baltimore, MD	17.16	18.21	1.05	15.86	17.31	1.45	18.13	18.88	0.75	19.07	19.82	0.75
Boston, MA	17.37	18.50	1.13	16.07	16.70	0.63	18.34	18.82	0.48	19.28*	19.76	0.48
Carbondale, IL	16.14	18.04	1.90	14.84	16.83	1.99	17.11	18.47	1.36	18.05	19.41	1.36
Charlotte, NC	17.21	18.84	1.63	15.91	17.11	1.20	18.18	19.33	1.15	19.12	20.27	1.15
Chicago, IL	15.53	17.93	2.40	14.23	16.35	2.12	16.50	18.43	1.93	17.44	19.37	1.93
Cincinnati, OH	16.24	17.49	1.25	14.94	16.84	1.90	17.21	18.96	1.75	18.15	19.90	1.75
Cleveland, OH	16.13	17.20	1.07	14.83	16.73	1.90	17.10	18.60	1.50	18.04	19.54	1.50
Dallas, TX	17.29	17.84	0.55	15.99	16.49	0.50	18.26	18.51	0.25	19.20	19.45	0.25
Denver, CO	16.86	17.01	0.15	15.56	15.71	0.15	17.83	18.08	0.25	18.77	19.02	0.25
Des Moines, IA	15.68	17.28	1.60	14.38	15.90	1.52	16.65	17.50	0.85	17.59	18.44	0.85
Detroit, MI	15.98	17.05	1.07	14.68	15.44	0.76	16.95	17.95	1.00	17.89	18.71	0.82
Hartford, CT	17.27	18.40	1.13	15.97	16.60	0.63	18.24	18.72	0.48	19.18*	19.66	0.48
Houston, TX	17.83	18.38	0.55	16.53	17.03	0.50	18.80	19.05	0.25	19.74	19.99	0.25
Indianapolis, IN	16.03	17.35	1.32	14.73	16.57	1.84	17.00	18.55	1.55	17.94	18.99	1.05
Kansas City, MO	16.05	17.30	1.25	14.75	16.22	1.47	17.02	17.77	0.75	17.96	18.71	0.75
Little Rock, AR	16.90	17.40	0.50	15.60	16.60	1.00	17.87	18.67	0.80	18.81	19.61	0.80
Louisville, KY	16.24	17.14	0.90	14.94	15.84	0.90	17.21	18.31	1.10	18.15	19.25	1.10
Miami, FL	18.31	21.32	3.01	17.01	19.88	2.87	19.28	21.99	2.71	20.22	22.79	2.57
Milwaukee, WI	15.44	17.84	2.40	14.14	16.26	2.12	16.41	18.34	1.93	17.35	19.28	1.93
Minneapolis, MN	15.33	16.90	1.57	14.03	15.49	1.46	16.30	17.13	0.83	17.24	18.07	0.83
New Orleans, LA	17.78	18.28	0.50	16.48	17.48	1.00	18.75	19.20	0.45	19.69	20.14	0.45
Oklahoma City, OK	16.90	17.55	0.65	15.60	16.60	1.00	17.87	18.62	0.75	18.81	19.56	0.75
Omaha, NE	15.88	17.13	1.25	14.58	16.05	1.47	16.85	17.60	0.75	17.79	18.54	0.75
Philadelphia, PA	17.22	18.22	1.00	15.92	17.34	1.42	18.19	18.91	0.72	19.13	19.85	0.72
Phoenix, AZ	16.65	16.65	0.00	15.35	15.35	0.00	17.62	17.62	0.00	18.56	18.56	0.00
Pittsburgh, PA	16.13	16.93	0.80	14.83	16.03	1.20	17.10	17.60	0.50	18.04	18.54	0.50
St. Louis, MO	16.14	18.04	1.90	14.84	16.83	1.99	17.11	18.47	1.36	18.05	19.41	1.36
Salt Lake City, UT	16.03	16.18	0.15	14.73	14.88	0.15	17.00	17.25	0.25	17.94	18.19	0.25
Seattle, WA	16.03	16.33	0.30	14.73	15.13	0.40	17.00	17.38	0.38	17.94	18.32	0.38
Spokane, WA	16.03	16.33	0.30	14.73	15.13	0.40	17.00	17.38	0.38	17.94	18.32	0.38
Springfield, MO	16.32	16.97	0.65	15.02	16.02	1.00	17.29	18.04	0.75	18.23	18.98	0.75
Washington, DC	17.16	18.21	1.05	15.86	17.31	1.45	18.13	18.88	0.75	19.07	19.82	0.75
Simple Average	16.56	17.66	1.10	15.26	16.46	1.20	17.53	18.43	0.90	18.47	19.35	0.88

*NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94 for the period July 1997 to date. The Compact obligation is \$16.94 less the Federal order Class I price shown for Boston. The effective Class I price level is the Federal order price at location plus the Compact obligation plus the figure shown under the column labeled "Difference". When the Federal order Class I price shown for Boston is higher than the Compact Class I price, the Compact price is not effective.

1/ Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,
SEPTEMBER 1998, WITH COMPARISONS**

In September 1998, mailbox milk prices reported for selected Federal milk orders averaged \$16.30 per cwt., \$1.26 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$16.11, up \$1.36; Southeast, \$17.52, up \$1.77; Midwest, \$16.30, up \$1.10 and West, \$15.92, up \$1.33. Compared to September 1997, mailbox milk prices increased \$3.48 per cwt. on the average. Regional changes from the previous year were: +\$3.37 in the Northeast, +\$3.96 in the Southeast, +\$3.26 in the Midwest, and +\$3.94 in the West.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	September 1997	August 1998	September 1998
	<u>Dollars per hundredweight</u>		
New England	13.43	14.68	16.02
New York-New Jersey	12.51	14.73	16.03
Middle Atlantic	12.46	14.87	16.43
Northeast Average <u>3/</u>	12.74	14.75	16.11
Carolina	13.29	15.21	17.49
Tennessee Valley	13.04	---	---
Southeast	12.82	15.03	16.60
Florida <u>4/</u>	15.66	17.83	19.55
Southeast Average <u>3/</u>	13.56	15.75	17.52
Southern Michigan	12.44	14.47	15.64
Eastern Ohio-Western Pa.	12.46	14.71	16.35
Ohio Valley	12.25	14.52	16.43
Indiana	12.29	14.47	16.72
Chicago Regional <u>5/</u>	13.53	15.68	16.38
S. Illinois-E. Missouri	12.10	14.26	15.90
Louis.-Lex.-Evans.	12.49	14.52	16.41
Upper Midwest <u>5/</u>	13.30	15.31	16.44
Nebraska-Western Iowa	12.73	14.71	15.87
Iowa	13.00	15.19	16.12
Midwest Average <u>3/</u>	13.04	15.20	16.30
Texas	12.07	14.81	16.22
Southwest Plains	11.82	14.17	15.25
Eastern Colorado	12.23	14.44	15.77
S.W. Idaho-E. Oregon	12.14	14.19	15.09
Great Basin	11.88	13.86	15.15
New Mexico-West Texas	11.69	14.02	15.12
Pacific Northwest	11.99	14.92	16.70
West Average <u>3/</u>	11.98	14.59	15.92
All-Market Average <u>3/</u>	12.82	15.04	16.30

1/ Federal milk orders for which information could be released. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. 3/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 4/ Weighted average of the information for the Upper Florida, Tampa Bay, and Southeastern Florida orders. 5/ May include payments for milk that, while normally associated with the market, was not pooled due to disadvantageous price relationships.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE PERIOD OF DECEMBER 7 - 11				CUMULATIVE TOTALS				UNCOMMITTED INVENTORIES			
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD	PERIOD ENDING	SAME PERIOD	PERIOD ENDING	SAME PERIOD	PERIOD ENDING
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/98	LAST YEAR	12/04/98	LAST YEAR	12/04/98	LAST YEAR	12/04/98	LAST YEAR	12/04/98
BUTTER												
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE												
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK												
Nonfortified	-0-	-0-	-0-	-0-	103,384	1,630,207	9,912,000	9,912,000	9,912,000	9,912,000	9,912,000	9,912,000
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	103,384	1,630,207	9,912,000	9,912,000	9,912,000	9,912,000	9,912,000	9,912,000

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**	MILKFAT*	SKIM**
	BASIS	SOLIDS	BASIS	SOLIDS
PERIOD OF DECEMBER 7 - 11, 1998 =	0.0	0.0	COMPARABLE WEEK IN 1997 =	0.2
CUMULATIVE SINCE OCTOBER 1, 1998 =	0.0	1.2	CUMULATIVE SAME PERIOD LAST YEAR =	0.4
CUMULATIVE JANUARY 1 - DECEMBER 4, 1998 =	25.0	1,321.4	COMPARABLE CALENDAR YEAR 1997 =	25.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
WEST	-0-	-0-	-0-	-0-	103,384	1,520,032	100.0	93.3
EAST	-0-	-0-	-0-	-0-	-0-	110,175	0.0	6.7
TOTAL	-0-	-0-	-0-	-0-	103,384	1,630,207	100.0	100.0

SELLBACK TO THE TRADENONFAT DRY MILK (POUNDS)MILK EQUIVALENT - MILKFAT BASIS* - MILLION POUNDS

PERIOD OF DEC 4 - 10

Figures not available at press time. They will be carried next week.

CUMULATIVE SINCE 10/1/98

13,806,896

3.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1998MANUFACTURING MILK: Average Test 3.67% - \$10.05 per cwt.; 3.5% - \$9.95DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1150; 500# Barrels \$1.0850; Process American 5# \$1.1675; Process American 2# \$1.2075NONFAT DRY MILK: Nonfortified \$1.0280; Fortified \$1.0380; Instant \$1.1855Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 11/21/98 & Comparable Week 1997 1/ 2/

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL
											WEEK : SINCE JAN 1	WEEK : SINCE JAN 1
1998-Dairy cows HD (000)	0.3	1.3	7.2	5.9	21.1	2.5	3.3	0.8	9.9	2.3	54.4	2,374.5
1997-Dairy cows HD (000)	0.3	1.6	7.6	6.3	27.3	3.2	3.4	1.0	10.8	2.8	64.2	2,623.6
1998-All cows HD (000)	0.3	1.3	10.0	17.1	30.2	22.0	23.0	7.3	13.2	8.3	132.7	5,285.6
1997-All cows HD (000)	0.3	1.7	10.5	18.8	38.5	21.4	22.5	10.8	14.5	8.5	147.5	5,763.4

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE INVITATIONS 12/4

PROCESS	FEBRUARY DELIVERY
2# LOAVES	1,227,600
5# LOAVES	673,200
SLICED	2,296,800
MOZZARELLA	
LMPS	3,185,280
LITE	201,600
SHREDDED	120,960
CHEDDAR	
SHREDDED	345,600
REDUCED FAT - CUTS	199,750
REDUCED FAT - SHREDDED	115,200
BARRELS	160,000

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/98 = 23,244,091

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	